

Catch Shares and Shoreside Processors: An Exploration into the Impacts of IFQs on the Downstream Sector



NOAA
FISHERIES

NWFSC

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Processing Sector

- Understudied sector
 - Data is sparse
- Directly and indirectly affected by fisheries management decisions
- Stakeholders who participate in the management process, and are considered during construction of policies
- Important to gain better understanding of the sector in general, and the impacts of management policies on the sector



Unique Opportunity to Contribute

- EDC data
 - Mandatory for all first receivers and shorebased processors that participate in the catch share program
 - Detailed information on production costs, capital investments, product choices, employment decisions, etc.
- West Coast Groundfish Trawl Catch Share Program
 - 20% of Pacific whiting harvesting quota was initially allocated to eligible shorebased processors

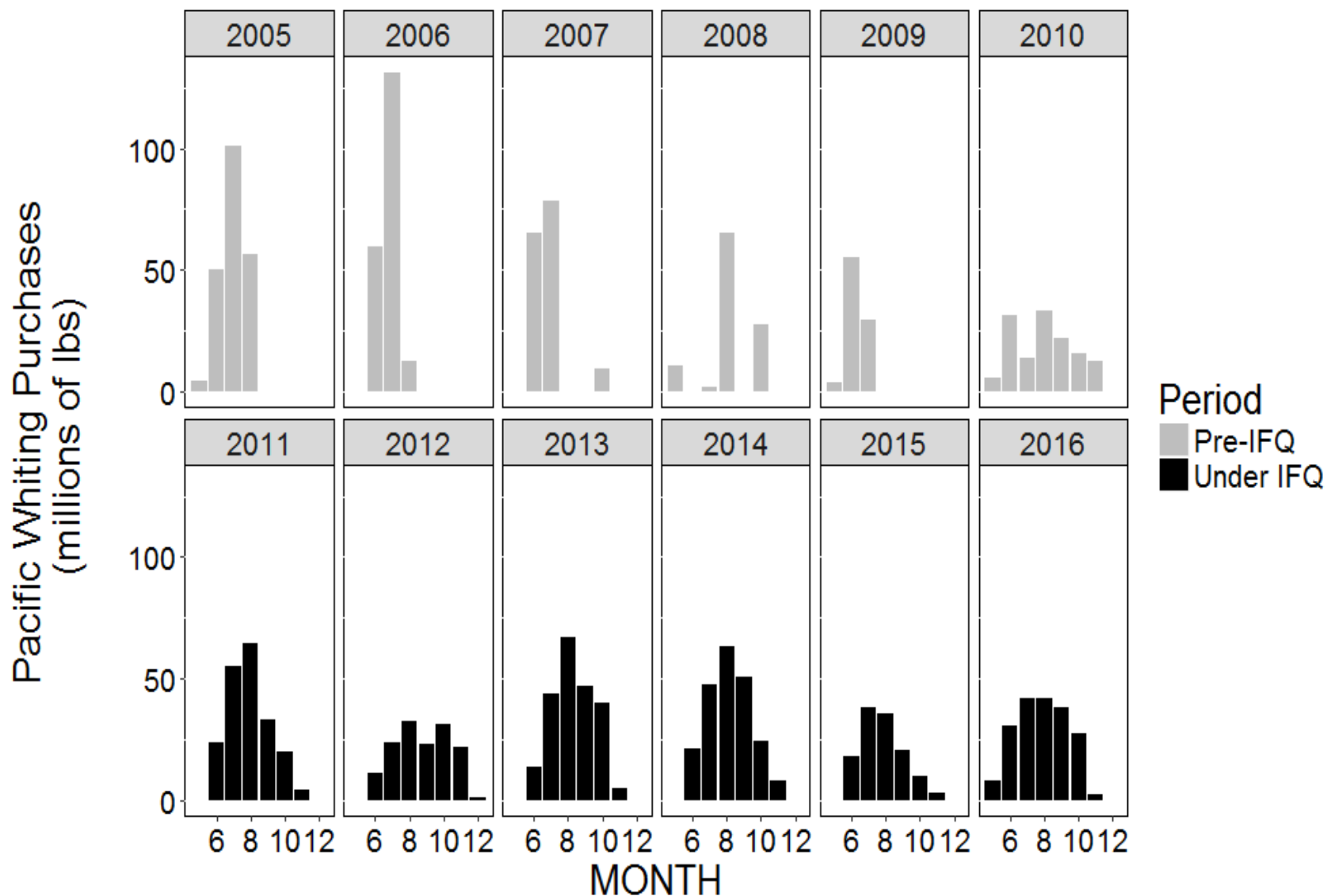
Research Projects In Progress

- Catch Shares and Shorebased Processors: A Costs and Earnings Exploration into the Downstream Sector
 - Marie Guldin, Chris Anderson (UW, SAFS)
- Allocating Harvesting Quota to Processors in Individual Fishing Quota Programs: An Analysis of the Shoreside Pacific Whiting Fishery
 - Marie Guldin, Chris Anderson (UW, SAFS)

Catch Shares and Shorebased Processors: A Costs and Earnings Exploration into the Downstream Sector

- Shoreside Pacific whiting processors
- Compare predicted outcomes to observed changes
- Unable to conduct a formal impact analysis
- Present economically-informed descriptions of observed changes and, where possible, support empirical findings with qualitative and narrative interpretations from industry

Season Lengthening



Predictions

- Final Environmental Impact Statement
 - Consolidation
 - IFQ Program “is expected to result in decline in processing demand,” which could lead to consolidation
 - Raw fish costs & costs of production
 - “Even though processors may have to pay fishermen higher ex-vessel prices, processors may see cost savings... to the degree that rationalization allows... processors and fishermen greater ability to plan the timing, location, and species mix of landings.”
 - Some effects may be mitigated by allocation of quota to processors.

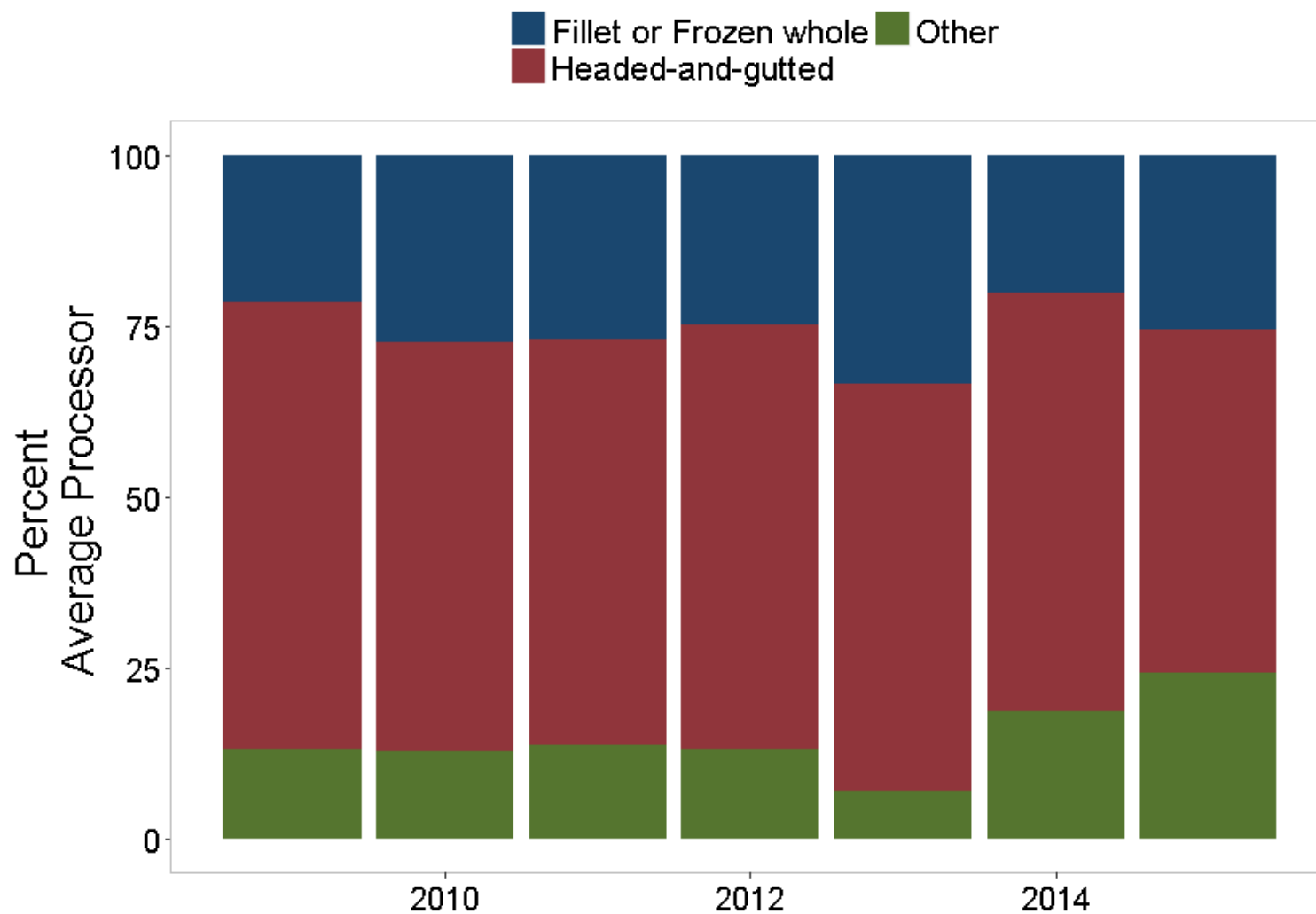
Observed Changes

- Consolidation
 - Decrease in number of Pacific whiting buyers
 - Exiters comprised about 5-10% of market share
- Ex-vessel prices
 - Higher ex-vessel price under IFQ program
- Costs of production
 - Expenses on labor and utilities per processed pound
 - No strong evidence of efficiency gains

Pacific whiting ex-vessel prices

- Predictions in Final Environmental Impact Statement:
 - Ex-vessel prices could rise under IFQs if the longer season allows “new and additional products in the market, and allow specialized niche markets to develop.”
- Season lengthening and IFQs could also lead to shifts in bargaining power in the ex-vessel market.

Whiting Product Choices



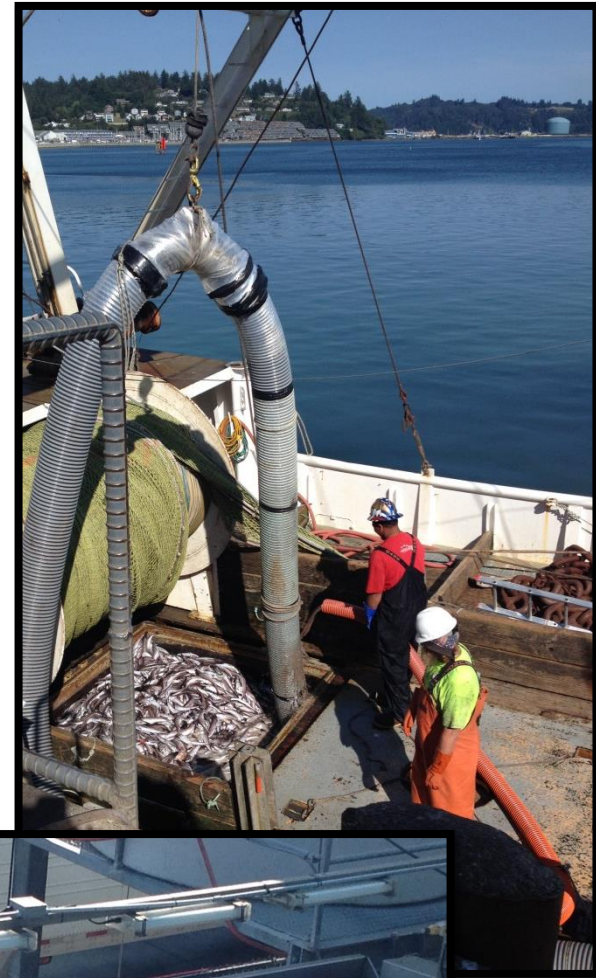
Allocating Harvesting Quota to Processors in Individual Fishing Quota Programs: An Analysis of the Shoreside Pacific Whiting Fishery

- Build theoretical & empirical models to explore how processors are using their quota and what the impacts are of this decision to allocate harvesting quota to the processing sector.



Using Processor Quota

- In order for processor-allocated quota to be fished, must be transferred to a vessel
- Do processors sell quota to vessels?
 - In quota market?
 - In ex-vessel market?

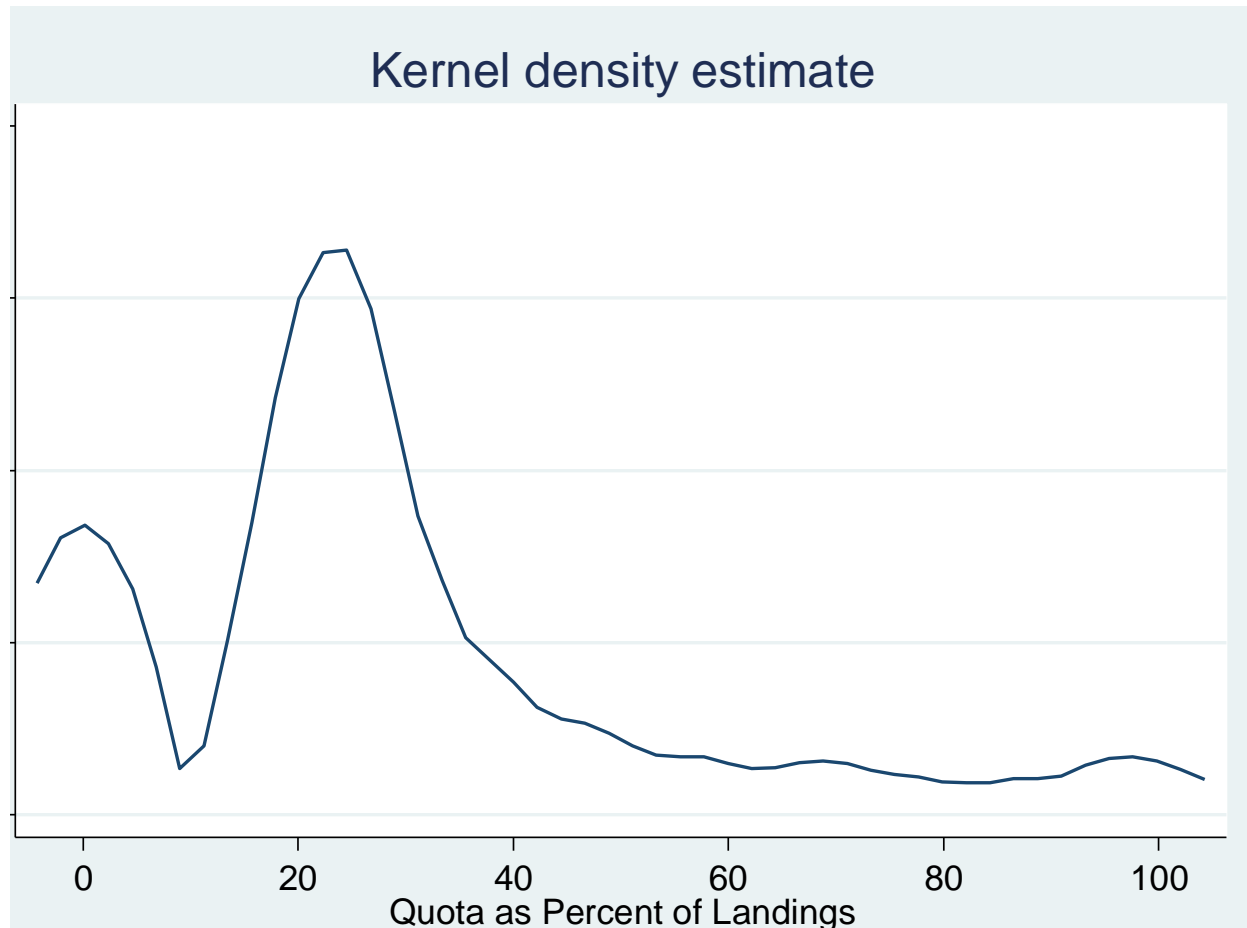


“I have a quota... I tell them you bring your fish to me and I will match your deliveries by 20%... I am going to transfer it to your boat... I am going to let you catch it and I am going to pay fair market value for it.”

(Pacific whiting Processor)



How much quota are processors giving to vessels?



Moving Forward

- Production of non-whiting groundfish
 - Supply-chain impacts of rationalization for non-whiting groundfish
 - Implications of giving processors non-whiting quota set aside in Adaptive Management Program
- Project on Community Quota Funds with Aaron Mamula & Rosemary Kosaka (SWFSC)
 - Community-level socio-cultural & economic implications of distributing quota to CQFs vs. processors

Questions? Comments?

